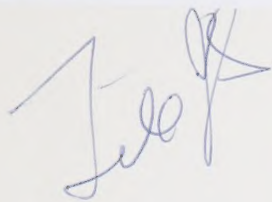


AR29

A handwritten signature in blue ink, appearing to be 'J. J. P.', is located in the top left corner of the page.

MANOIR INDUSTRIES LTD.

Second

A N N U A L
R E P O R T



1965

M A N O I R I N D U S T R I E S L T D.

Head Office - Suite 2601, Stock Exchange Tower, 800 Victoria Square,
Montreal, Que. (effective May 1, 1966)

(Old address: 635 Dorchester Blvd. West, Montreal 2, Que.)

OFFICERS

S. R. Sabler	President
R. F. Crozier	Vice-President
S. L. Hollander	Vice-President
M. Silverberg	Vice-President
J. J. Kates	Vice-President
D. L. Sinclair	Secretary-Treasurer

DIRECTORS

E. R. Alexander, Jr.	Toronto, Ont.
L. M. Bloomfield, Q.C.	Montreal, Que.
R. F. Crozier	Woodbridge, Ont.
S. L. Hollander	Montreal, Que.
J. J. Kates	Montreal, Que.
E. F. C. Kinnear	Montreal, Que.
S. R. Sabler	Montreal, Que.
M. Silverberg	Montreal, Que.
D. L. Sinclair	Toronto, Ont.

REGISTRARS

Canada Permanent Trust Company	Montreal, Que.
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TRANSFER AGENTS

Canada Permanent Trust Company - Halifax, Montreal, Toronto and Winnipeg

AUDITORS

Middleton Hope & Co.	Montreal, Que.
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DIRECTOR'S REPORT AND REVIEW

TO THE SHAREHOLDERS

Manoir Industries Ltd.

We enclose herewith the Consolidated Statement of Income covering the operations of your Company for the fiscal year ended December 31, 1965 and the Consolidated Balance Sheet at that date.

Also enclosed is a notice calling the Annual General Meeting of the Shareholders of the Company on April 28, 1966.

The results of the year's operations show a net profit of \$231,436. after income taxes, which represents an increase of approximately 14.5% in comparison with the earnings of 1964 which were \$202,128. The profit for 1965 represents earnings of 25.3¢ per common share after allowing for preferred dividends paid during 1965. Sales improved during 1965 and reached a figure of \$4,448,000. compared with \$3,757,000. in 1964.

Your Directors are pleased to report that all subsidiaries operated profitably during 1965 and that the increased volume of sales has continued into 1966.

A new subsidiary has been incorporated during 1965 by the name of Kates International Corporation Ltd. This subsidiary commenced operations on November 1, 1965 and its principal line of endeavour is to represent the ceramic industry of mainland China in Canada. The earnings of this subsidiary for the period ended December 31, 1965 have not been consolidated in the attached Statements.

Late in the year 1965 Mouton Processors Limited acquired the premises which it had been renting in Montreal. Your Directors feel that this move will allow for the continued growth of this subsidiary in secure premises.

The Company's working capital position decreased slightly during the year under review. This came about as the result of the Company financing the bulk of its purchase of fixed assets by use of its own resources. Your Directors feel that the Company's working capital position is adequate for its needs at the present time and should grow during 1966.

In 1965 the Company paid quarterly dividends of 3 cents on its common shares plus an extra dividend of 3 cents. Despite improved profits in 1965 and an encouraging outlook for the current year, your Directors have decided that it is in the interest of the shareholders to conserve working capital because of rapidly increasing sales volume by the subsidiaries. Therefore they are not recommending declaration of an extra dividend. No reduction of the quarterly dividend rate is anticipated.

Your Directors wish to express their appreciation for the loyalty and efficient service rendered by the officers and employees of the Company during the year.

On behalf of the Board of Directors

S. R. Sabler

President

Montreal, Quebec
April 12, 1966

THORNE, MULHOLLAND, HOWSON & McPHERSON

CHARTERED ACCOUNTANTS

Incorporating

MIDDLETON HOPE & Co.

CHARTERED ACCOUNTANTS

635 DORCHESTER BLVD. W.

MONTREAL 2, QUE.

VANCOUVER
WINNIPEG
KITCHENER
HALIFAX
KINGSTON, ONT.

OFFICES:
EDMONTON CALGARY
TORONTO LONDON
GALT SAINT JOHN
NASSAU, BAHAMAS
BARBADOS

REPRESENTED IN:
UNITED KINGDOM, AUSTRALIA,
SWITZERLAND, GERMANY,
NETHERLANDS, BELGIUM,
ITALY AND
PRINCIPAL CITIES IN U.S.A.

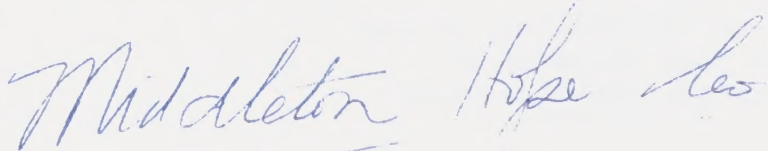
March 25, 1966.

AUDITORS' REPORT TO THE SHAREHOLDERS

Manoir Industries Ltd.,
Montreal, Quebec.

We have examined the consolidated balance sheet of Manoir Industries Ltd. as at December 31, 1965 and the consolidated statements of income and retained earnings for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying consolidated balance sheet and consolidated statements of income and retained earnings present fairly the financial position of the company as at December 31, 1965 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Chartered Accountants.

ASSETS

Current assets:

Accounts receivable, net, after allowance for doubtful accounts	\$1,076,654	
Inventories, at the lower of cost or market	936,625	
Prepaid expenses	25,476	
Advances to unconsolidated wholly-owned subsidiary	<u>5,929</u>	\$2,044,684

Investment in unconsolidated

wholly-owned subsidiary, at cost		5,000
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Fixed assets:

Land, buildings, machinery and equipment, at cost less accumulated depreciation of \$171,667		534,759
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Other assets:

Share issue expenses, net (Note 3)	10,031	
1,150 preference shares of the company purchased for redemption, at cost	11,500	
Organization expenses, at cost	<u>8,447</u>	29,978

Goodwill:

Goodwill of subsidiaries, at cost	92,500	
Excess of cost of shares of subsidiaries over book value	<u>223,247</u>	<u>315,747</u>
		<u>\$2,930,168</u>

The accompanying notes are a

Approved on behalf of

S. R. SABLER, Director

This is the consolidated balance sheet referred to

Wicks

RIES LTD.

he laws of Canada

ubsidiaries (Note 1)

BALANCE SHEET

1, 1965

LIABILITIES

Current liabilities:

Bank loans (secured)	\$ 714,485	
Accounts payable and accrued expenses	340,292	
Income taxes payable	144,938	
Principal instalments due within one year on long-term liabilities	<u>49,000</u>	\$1,248,715

Long-term liabilities:

Loans, mortgages and debentures payable (Note 4)	361,250	
<u>Less:</u> Principal instalments due within one year included under current liabilities	<u>49,000</u>	<u>312,250</u>
		1,560,965

SHAREHOLDERS' EQUITY

Capital stock:

Authorized:

50,000 cumulative preference shares, par value
\$10.00 redeemable at \$10.50 per share
1,000,000 common shares without nominal or par value

Issued:

50,000 preference shares 500,000
Less: 2,050 preference shares,
redeemed during year 20,500

800,000 common shares 479,500
672,320

Retained earnings

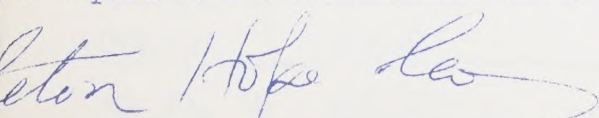
1,151,820
217,383 1,369,203
\$2,930,168

integral part of this statement.

f of the Board:

D. L. SINCLAIR, Director.

our report to the shareholders dated March 25, 1966.


Chartered Accountants.

MANOIR INDUSTRIES LTD.

December 31, 1965

NOTES TO CONSOLIDATED BALANCE SHEET

1. The consolidation includes the following wholly-owned subsidiaries of the Company:

General Freezer Limited
Mouton Processors Limited
Maso Import Ltd.
Manoir Industries (Bahamas) Limited

2. The consolidation does not include the wholly-owned subsidiary, Kates International Corporation Ltd., since it did not have a financial period coinciding with or ending during the year.

3. The share issue expenses are being amortized over a five year period. The amount written off during the year amounted to \$3,343.52. For corporation income tax purposes the total expenses of \$16,717.58 have been charged against the taxable income of the 1964 taxation year.

4. The long-term liabilities consist of the following amounts:

6% loan payable	\$ 55,000
7% mortgage payable maturing in 1976, with monthly payments including capital and interest of \$1,503.	130,000
7½% serial debentures maturing in 1970, with annual capital payments of \$12,000.	60,000
6% mortgage payable maturing in 1973, with annual capital payments of \$15,000.	<u>116,250</u>
	<u>\$361,250</u>



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